



Southwest Economic Development Committee Meeting

Wednesday, October 13, 2004

10:00 a.m.

Southwest Virginia Higher Education Center

Room 222

Abingdon, Virginia

APPEARANCES:

The Honorable Terry G. Kilgore, Chairman

Mr. Stephen S. Banner

Mr. Fred M. Fields

The Honorable Joseph P. Johnson

Mr. H. Ronnie Montgomery

The Honorable Philip P. Puckett

Mr. James C. Thompson

The Honorable William C. Wampler, Jr.

COMMISSION STAFF:

Mr. Timothy Pfohl, Grants Program Administration Manager

Ms. Sara Griffith, Grants Coordinator Southwest Virginia

DELEGATE KILGORE: Good morning, I want to welcome everyone here today. It looks like we've got a good crowd to discuss these items.

Tim, would you call roll?

MR. PFOHL: Mr. Banner?

MR. BANNER: Here.

MR. PFOHL: Mr. Fields?

MR. FIELDS: Here.

MR. PFOHL: Delegate Johnson?

DELEGATE JOHNSON: Here.

MR. PFOHL: Mr. Montgomery?

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1 MR. MONTGOMERY: Here.
2 MR. PFOHL: Senator Puckett?
3 SENATOR PUCKETT: Here.
4 MR. PFOHL: Secretary Schewel?
5 SECRETARY SCHEWEL: (No response.)
6 MR. PFOHL: Mr. Thompson?
7 MR. THOMPSON: Here.
8 MR. PFOHL: Senator Wampler?
9 SENATOR WAMPLER: Here.
10 MR. PFOHL: Chairman Kilgore?
11 DELEGATE KILGORE: Here.
12 MR. PFOHL: Mr. Chairman, you have a quorum.
13 DELEGATE KILGORE: It's good to have everyone here this
14 morning. The first item on the agenda is approval of the May 17th and 20th Meeting
15 Minutes.
16 DELEGATE JOHNSON: I move that we approve the Minutes as
17 mailed.
18 MR. MONTGOMERY: Second.
19 DELEGATE KILGORE: I have a motion and a second that we
20 approve both sets of Minutes as mailed. All those in favor, say aye? (Ayes.) All those
21 opposed, like sign? (No response.)
22 All right, today's business is that we are here to discuss the Economic
23 Development grant proposals. I understand everyone has had ample opportunity to
24 review these grant proposals. This is the second round. We had a first round on May 17,
25 and Tim, would you tell us how much we approved?
26 MR. PFOHL: I believe it was about two point eight million
27 approved in the spring.
28 DELEGATE KILGORE: Today it looks like we have a request for
29 three point nine or almost four million dollars. We have cash available of one point one
30 seven, is that correct?
31 MR. PFOHL: Yes.
32 DELEGATE KILGORE: Normally, what has happened in the past
33 or what we have done in the past, we've always kept some back just in case a deal came
34 along that we wanted to put some of our Southwest money into. We have before you a
35 requested amount and a Staff recommendation and then followed by a description of each
36 individual grant and the Staff comments and Staff recommendations. My question to the
37 members is how would you like to proceed this morning on these grants? Do you want to
38 take them each one at a time, or do you want to, how do you all want to do it this
39 morning?
40 MR. THOMPSON: Start at the top.
41 SENATOR WAMPLER: I just say this to everyone in the audience
42 that we are oversubscribed by a lot of money and we have more requests than we have
43 cash to allocate. Part of the discussions we have is that if we cut it in half or by a third,

1 what can we do with that? One avenue that we have selected from time to time is, I'm
2 not sure we can delete it much further, like a fifteen thousand dollar application going to
3 seventy-five hundred, and it makes us wonder whether you can actually do something
4 with that. I don't want anybody to think that if they don't get funded today it is not
5 without merit, but it is just that we are simply limited in the number of dollars that we
6 have.

7 Mr. Chairman, I'd make a plea to the Committee that we keep a cash balance.
8 We have had an opportunity in previous years to be able to close deals for employers,
9 new businesses that come to the region, by using these dollars that otherwise won't fit the
10 formula or criteria, and we need to be very careful how we do this. I think we did two
11 point eight million in the last round in the spring. It's a difficult process, and that is what
12 I say to everyone in the audience. We only have limited dollars to work with, and we do
13 the best we can with what we've got to work with.

14 MR. MONTGOMERY: How much do you think we ought to keep?

15 SENATOR WAMPLER: Before Delegate Kilgore became Chair
16 and started giving away all the money, we kept about a million-dollar balance.

17 SENATOR PUCKETT: Let the record show our Chairman is very
18 liberal.

19 SENATOR WAMPLER: I just felt I needed to say that, thank you.

20 DELEGATE KILGORE: You say about a million dollars is the
21 balance we normally kept. You lawyers can negotiate that down.

22 What we'll do is start at the top. Unless we have someone to come up to ask
23 questions of the particular applicant, then we'll have a discussion among ourselves here.
24 We'll start at the top, Appalachian Sustainable Development, Value Added Economic
25 Development Initiative, and the requested amount is a hundred and seventy-three
26 thousand. We have in the past given four hundred and twenty-two thousand two fifty of
27 tobacco money dating back to FY01 to Appalachian Sustainable Development.

28 SENATOR PUCKETT: I wonder, Tim, if you might speak to what
29 seventy would allow us to do, they requested one seventy-three, are we helping this
30 along?

31 MR. PFOHL: That would provide the match for them to install a
32 second drying kiln. That would give them enough money to get that kiln in place. We
33 had a dialogue with the applicant, and the applicant is here to answer any questions, but
34 he indicated that that was a pressing need in order to keep up with their growing market
35 opportunities.

36 DELEGATE JOHNSON: What has been the progress thus far?

37 MR. PFOHL: There has been an expansion of their sign facility, and
38 it is now in effect. Their sawing capacity has grown beyond what their drying capacity
39 is, and have made progress in opening up some markets in Charlottesville. In effect,
40 they've got a snag in their pipeline, if you will, and they need that drying capacity. The
41 drying kiln is their major need right now to move forward and start generating income.

42 DELEGATE JOHNSON: I know they have made progress, but have
43 they sold any merchandise?

1 MR. PFOHL: Yes, they have done a marketing outreach through
2 some foundation funding in Charlottesville and sold some merchandise up there. I don't
3 have numbers about sales at this point. They projected in their application they could
4 double their revenues if they could fill this clog in the pipeline.

5 MR. MONTGOMERY: How many jobs have there been, or an
6 increase in jobs?

7 MR. PFOHL: Probably more so an increase in revenue right now.
8 Their current woods revenues are listed in the application at a hundred and fifty thousand
9 a year. They predict they could double that revenue and adding a net of a hundred and
10 fifty thousand a year of wood revenue.

11 DELEGATE KILGORE: Sara, as we go along I'd ask you to keep a
12 running total and keep the Committee advised. What we will do first is make
13 recommendations, and then at the end we'll go back and look at the total, if that is all
14 right, and then try to make adjustments from there.

15 MR. BANNER: Are we going to approve these, one at a time?

16 DELEGATE KILGORE: I'd say what we should do, Steve, is get a
17 ball park and Sara can put that in, and then at the end we'll look and see what we've got
18 allocated.

19 MR. BANNER: You don't need a motion for each individual
20 project?

21 DELEGATE KILGORE: I would think we could wait till the end.
22 We do need to get a figure out there.

23 MR. FIELDS: Maybe Mr. Flaccavento might be the one to answer
24 this, but I think we have made, this Committee and this Commission has made a
25 substantial investment in ASD. I think it's time we need to see real progress. I don't
26 think we can finance all this sustained development, but I guess I'm saying I think we
27 have to have some profits, that maybe Anthony can do that for us.

28 DELEGATE KILGORE: Would you like to address this, Anthony?

29 MR. FLACCAVENTO: I think we have made a great deal of
30 progress, and we are producing some products, and these are some samples. Our request
31 was both for agriculture and our forest products initiative. I'll pass these around.

32 I think you know that we take resources that we have that are not utilized, and
33 typically the landowner and the logger get a little bit of that share, but you can take that
34 log, saw it into boards and dry it in a kiln, and then work with local manufacturers to
35 make the finished product. That same poplar is worth somewhere between five and ten
36 times more. I feel we have made progress in building the basic infrastructure to do that.
37 A couple of very large corporations, and there was no other entity like that when we
38 started this, and we have to buy our wood from Pennsylvania, and we couldn't get wood
39 locally. I think a big piece of this is adding value to that.

40 In terms of the job issue, we're creating jobs and probably more than creating a
41 lot of businesses and help businesses expand. The person who saws our wood is a private
42 contractor. Since we have expanded and helped him with his sawing, he has added a full-
43 time worker on the sawing operation. We have worked with architects in the Tri-Cities

1 and in Charlottesville, and it is giving them a new product line, so it is enhancing their
2 business. We do help to enhance existing businesses, and the same with farming and the
3 agriculture.

4 On the agriculture side we've gotten to the point where we have five
5 supermarket chains buying our Appalachian harvest produce. We have added two more
6 since a couple of years ago. We can provide local high-value produce, and we could
7 supply a hundred and fifty grocery stores if we could just build enough supply. That's
8 some of the results that we have gotten. We have been to you a couple of other times,
9 and we were hoping to get to a point, and with this additional kiln and maybe a little
10 more support for the agriculture program, that we could meet those very rapidly
11 expanding markets and we think there is a lot of economic opportunity there.

12 MR. MONTGOMERY: How is that related to the landowner? How
13 does that help them get more out of their sales? I understand it increases in value, but
14 how does it get back to the farm owner?

15 MR. FLACCAVENTO: Because we can get more for this, partly
16 because the environmental dimension that the consumers are willing to pay for, partly
17 because this is so beautiful. Appalachian hardwoods are so beautiful, and we can get a
18 little more for a premium, and when we take that additional money and pay on average
19 about twenty percent more, which is pretty significant. The oak, hickory and poplar that
20 come out of the woods, the landowner and loggers get about twenty percent more.

21 MR. MONTGOMERY: How many board feet do you buy a year?

22 MR. FLACCAVENTO: With funds from our revenues and USDA
23 we doubled the sawing capacity, so right now we can actually get close to half a million
24 board feet a year. That's a lot of homes and libraries and businesses, but our dry kiln can
25 only do about half that amount. The second dry kiln would allow us to capture enough so
26 we could produce another half a million board feet.

27 MR. MONTGOMERY: Do you run this present dry kiln twenty-
28 four/seven?

29 MR. FLACCAVENTO: Yes, it is run constantly.

30 MR. FIELDS: I think I would like you to have told me this morning
31 that we're on the verge of turning the corner. I heard you mention you've gotten more
32 stores and produce and stuff. I think somewhere we're going to have to say, we just can't
33 finance Appalachian Sustainable Harvest. It's doing what we want if Appalachian
34 Sustainable is doing its part and some day can help these farmers that are no longer
35 growing tobacco, and we don't hear these kind of figures. I'd like to hear more exact
36 figures on the budget.

37 MR. FLACCAVENTO: As an organization we run basically two
38 enterprises, Sustainable Wood Products, and we run the Appalachian Harvest that
39 packages and ships the organic produce. In those businesses we provide a lot of
40 education and training for farmers, because it is tough to make the transition from
41 tobacco to organic vegetables and poultry and things like that. We have a total
42 organizational budget of about four hundred thousand dollars a year. The seventy
43 thousand would help us get this kiln up and running, and we feel confident we can get the

1 match, and any other funds would help us recruit farmers. I think we're very close to
2 turning the corner, Fred, but when I came before the Committee about a year and a half
3 ago somebody asked me is this the last time and I said, probably not, probably once
4 more. This maybe that once more that we're hoping to get the additional support. We
5 have the farmers and landowners and the markets, and we just need a little more support
6 to put all of that together, and that's what we're asking for.

7 MR. MONTGOMERY: When do you think you'll be able to operate
8 on your own without coming before us on an annual basis?

9 MR. FLACCAVENTO: Self-sufficient. We have a business plan
10 for Appalachian Harvest and Sustainable Woods. The break-even point on Appalachian
11 Harvest is somewhere around four hundred thousand a year, and on the Sustainable Wood
12 it is a little bit lower, probably around three hundred thousand a year. With our current
13 sawing and drying capacity, we can't quite reach that, but with a second kiln we could.
14 We've looked at those numbers, and we're not that far off. The biggest obstacle on
15 Appalachian Harvest is just getting enough farmers, and we have several new farmers
16 this year, and we're planning to add several acres, and that has been encouraging. Four
17 hundred thousand on the Appalachian Harvest and three hundred thousand, I think we
18 can reach that in 2005 or 2006.

19 MR. FIELDS: That's what they ask me every time I go to the bank,
20 are you making money. They always ask me, you are making money, aren't you? I think
21 this is the kind of project we're looking for, but we need to have some hard answers.

22 DELEGATE KILGORE: Thank you. Any comments concerning
23 this particular application, or any suggestions concerning this particular application?

24 MR. BANNER: Just a suggestion that we fund Appalachian
25 Sustainable for seventy, and that's what the Staff recommendation is.

26 SENATOR PUCKETT: I'd second that.

27 MR. FIELDS: We're not making motions right now, are we?

28 DELEGATE KILGORE: Recommendations, and then we'll go
29 back.

30 Next is the Barter Foundation. This is another request, we awarded one
31 hundred thousand for this work at the site. Any questions or comments on this particular
32 application?

33 SENATOR WAMPLER: Maybe you can tell us or give an update
34 on some of the previous amounts we awarded.

35 MR. PFOHL: Senator, the Commission made a hundred thousand-
36 dollar award in the first round of the FY04 Economic Development competition. That
37 was this past spring. I believe those funds have not been drawn down to date, so that
38 obligation is on the table and available when they're ready to draw them down.

39 MR. FIELDS: I wasn't at the meeting, and I didn't know we made
40 that.

41 DELEGATE KILGORE: You voted for it.

42 MR. FIELDS: I didn't know that.

43 SENATOR WAMPLER: It seems to me, Mr. Fields, on that

1 particular application the cost of building the storm water, not just for the Stonewall
2 Project, but rather or had potential to tap into it, like the Town of Abingdon. That's why
3 we said this would help other than just this project.

4 Mr. Chairman, as I looked at that application, four hundred seventy-one
5 thousand total, there are some federal and local dollars that could be pledged to it. I
6 guess this is as good an application to speak to as any of the others. That if the financing
7 plan is contingent upon a hundred percent, the amount requested from the Tobacco
8 Commission to make the project go, and this plan is probably not all that strong, and
9 better look for ways to scale back on other projects. Simply put, I don't know that we
10 would award two hundred thousand to anything today. The point is that as you prepare
11 applications you come back and say we have to have this amount of money or the project
12 is not going anywhere, it's not a good place to put any applicants in. I'm using it because
13 it is the second application we're discussing today. That is one of the frustrating parts
14 that we have when we try to evaluate the applications.

15 DELEGATE KILGORE: Any questions or comments on this
16 application?

17 MS. LISA ALDERSON: I can certainly understand your frustration
18 about not having enough money that is requested. We're trying to reach tourism and
19 infrastructure enhancement. One of the things I wanted to bring you up to date on is that
20 last night Washington County approved a seventy-five thousand dollar contribution
21 toward this project. They've also allowed us to work with them and the Town of
22 Abingdon to apply for these program funds that will directly impact pedestrian safety,
23 sidewalk areas, much more user-friendly entranceway into the green area, which is not
24 like it should be. What we would like to do, and to work with the Tobacco Commission
25 on, is to make sure that enough funds are available through the ARC, through the Town
26 of Abingdon to accommodate all of the grading work and storm-water drainage work that
27 needs to be done which allows us to get to the point where we can do pedestrian safety
28 and other issues. We're making sure that every project stands on its own, or every phase
29 can stand on its own. It's certainly an investment in our future audiences, we don't want
30 to take any of those folks for granted that are currently coming. They could go to many
31 other places, but we want to keep them in our neighborhood and letting them know what
32 else is available in Southwest Virginia. We realize this is a substantial request, and I
33 know you all had a chance to talk to a number of the Barter Committee members
34 individually, and you understand how critical it is to have this funding in order to move
35 forward. I'm asking you to make every consideration possible to help us with the grading
36 and finishing up the storm-water improvements. They have to be done hand-in-hand.
37 Then we also want to do the correct way of the green site parking area for pedestrian
38 safety issues.

39 SENATOR WAMPLER: Lisa, I'm understanding you to say then
40 that part of this would finish up the storm water portion that we had previously funded?

41 MS. ALDERMAN: Yes, actually you're funding that.

42 MR. MONTGOMERY: The notes here say a hundred thousand
43 from the county.

1 MS. ALDERMAN: That's correct, that was approved earlier in the
2 year. Last night what was approved by the county is twenty-five thousand this fiscal
3 year, plus an additional fifty thousand in next year's budget.

4 MR. MONTGOMERY: You still have the ARC one hundred
5 thousand dollar request?

6 MS. ALDERMAN: Correct. We have broken it down into what
7 sources of funding would be applied toward this and what they are allowed to be applied
8 toward, which is grading, water control, site lighting, retaining wall. As you know, with
9 the VDOT program it only can be used with pedestrian movement, and they are not going
10 to work with grading when they won't work with other things. We want to make sure that
11 the water control piece is done correctly.

12 SENATOR WAMPLER: If the county allocated seventy-five
13 thousand, then I'd make it a motion that at the appropriate time we come back and we
14 discuss or see how we can match up with the county. If it is acceptable to the Committee
15 we'll come back, that's what I'm saying.

16 DELEGATE KILGORE: Sara, put that down.

17 Next one is the Country Music Alliance, Bristol. Right now I believe they are
18 in the Bristol Mall. These are funds being requested for design and construction.

19 MR. PFOHL: This is a project that came together weeks before the
20 application deadline. It is a good application, and it's the birthplace, they've done a
21 strategic plan for their development vision. It reflects the fact that they received a
22 donation two weeks before the application deadline, and they didn't have a whole lot of
23 time to explore other funding sources. We may get some updated information. The
24 request is a little over three hundred thousand, and there are some specific areas of
25 getting this project off the dime and into the design phase. The schematic and design
26 development is what we would recommend that the Committee consider supporting,
27 which is a total of one hundred twenty-five thousand five hundred forty-four.

28 DELEGATE KILGORE: Any questions of Tim?

29 SENATOR WAMPLER: I think in this case we ought to do
30 something, but the question is what is the dollar amount to help them move forward.
31 This is probably half a city block, and it's within a baseball's throw of where the
32 birthplace actually was. I think it is something that is going to continue to grow. This is
33 in a very preliminary stage to get something up and moving. I know Delegate Johnson
34 was at the announcement that day.

35 DELEGATE JOHNSON: I might also add the State of Tennessee
36 spent money on the project.

37 MR. MONTGOMERY: Is this located in Virginia?

38 DELEGATE KILGORE: Yes, it is in Virginia.

39 MR. FIELDS: I think they need to get that address changed.

40 SENATOR PUCKETT: The Staff has recommended we fund it.

41 DELEGATE KILGORE: Sara, when we get to the top, let me know.

42 Next is the Tourist Information Center and Southwest Virginia Farmers' Market
43 Expansion. Requested a hundred fifty-six thousand three hundred forty-one.

1 MR. PFOHL: The title indicates that this project is a tourist
2 information center in Southwest and the Southwest Farmers' Market Expansion. The
3 request is asking the Commission for support of the Farmers' Market in the expansion
4 piece. This is a request that was submitted this summer to the Agribusiness Committee in
5 its pre-application process, and it did not move forward, so it is presented to you here
6 today. It would expand by fifty percent the square footage at the Southwest Farmers'
7 Market, meaning more producers and growers could get in there and sell their products.
8 They're speculating and projecting that with the addition of the Tourist Information
9 Center and the traffic that that would help bring to the site and with the traffic already
10 coming to the site, they could increase retail sales by seventy-five percent, which would
11 be an additional seven hundred fifty thousand dollars of income to growers in the multi-
12 county region on an annual basis.

13 DELEGATE KILGORE: What was the reason behind the
14 Agribusiness Committee declining to get involved and passing it on to us?

15 MR. PFOHL: There was no specific reason given, and I don't
16 believe the Committee had discussion of the request. Six out of sixteen that were
17 submitted to submit an application. This is not one that was invited.

18 MR. FIELDS: I think they had two or three different concerns about
19 that one, tourism. We didn't think it was for Agribusiness, and that might have been a
20 concern. There were a lot of feelings on that one.

21 DELEGATE JOHNSON: We had a request for over three or four
22 million dollars.

23 MR. FIELDS: Most important of all, that is true.

24 MR. MONTGOMERY: Eighty-five percent of the burley quota is in
25 Washington County, Russell and Scott and Lee. I notice in the Staff recommendation
26 fifty-three percent of the money is outside of the primarily burley counties.

27 DELEGATE KILGORE: Any questions for the applicant about the
28 Farmers' Market in Carroll County? Any recommendations or suggestions? All right.

29 What about the Carroll County Public Service Authority, US 58 /221
30 Enterprise Zone Utility Connection Project request for seventy thousand eighty-five
31 dollars? A little over a half mile of new sewer line and water line to develop a
32 commercial area on 58 and Interstate 77. Anyone have any comments or questions on
33 that one? Local investment, eighty-five percent.

34 SENATOR PUCKETT: There is no recommendation from Staff on
35 that?

36 DELEGATE KILGORE: No.

37 Next is the Town of Clintwood Ralph Stanley Museum Phase 2 Completion.

38 SENATOR PUCKETT: Mr. Chairman, I'm going to say we consider
39 the recommendation made, because you recall at the last meeting we said we couldn't do
40 it right now, and that was contingent upon getting the commitment from VCEDA. They
41 have gotten that commitment, and this is the amount that would complete that.

42 MR. PFOHL: Since the request came in I believe they got a
43 commitment for an additional two hundred thousand from VCEDA.

1 SENATOR PUCKETT: That completes that project, the Governor
2 will be there Friday to cut the ribbon, the Ralph Stanley Weekend in Clintwood.

3 SENATOR WAMPLER: Mr. Chairman, if you've got VCEDA to
4 make that commitment and they are only asking for sixty-one thousand to complete it,
5 that's the type of leverage we're looking for.

6 DELEGATE KILGORE: All right.

7 Next is the Dante Coal Mining and Railroad Museum.

8 MR. PFOHL: Mr. Chairman, the request is for twenty-one thousand
9 to help a non-profit group, which is a 501 C3, renovate this bank building that was built
10 in 1919, and they are looking to create a coal mining and railroad museum. The project
11 has USDA Rural Development matching funds, and this would serve as a match to that
12 USDA federal funding. We directed the applicants to look into VDOT transportation
13 enhancement programs, which they did. They found out they would have to have a full-
14 time staff person working in the museum, in addition to having rotating exhibits and
15 things like that, and they felt that was beyond their capacity. Because the VDOT money
16 is federal money, that could not serve as a match to the USDA money. They are
17 proposing that the Commission help them with the USDA money.

18 DELEGATE KILGORE: And where is this located?

19 MR. PFOHL: It has commercial development next door or very
20 nearby.

21 MR. BANNER: I'd like to speak to that. These folks have done a
22 good job trying to revitalize the community. We've talked about doing something to
23 maybe link this to the Crooked Road project and the Country Music or tourism stops and
24 things like that. I think that this project is trying to revitalize itself, and I certainly
25 support it. Twenty-one thousand dollars along with the others, and with the hard work
26 they have done to get these matching funds.

27 MR. MONTGOMERY: The only comment I have is that it is such a
28 small item I don't see any impact. We could give a hundred people twenty-one thousand
29 or organizations twenty-one thousand each for economic impact and revitalization, but I
30 don't know what impact it would have. That is just a comment. It's like a bank making a
31 bunch of small loans you can't collect and you don't get anything out of it.

32 DELEGATE KILGORE: All right, moving forward.

33 SENATOR PUCKETT: I was over to Dante on Revitalization Day
34 and walked through the structure they're trying to work with, and this is kind of a
35 beginning. Ronnie raised a pretty good question in what kind of return or what kind of
36 investment would we have here. I believe there is a commitment, or at least I saw it the
37 day I was there, from the people, that they are going to make something happen. This is
38 a building that I believe was given to them, and there are other buildings there that they
39 will be able to do similar things to. We're hoping it will be a place where people want to
40 come and see what coal mining days were like. It's very close to the Heritage Trail. I
41 think there is some potential there that might give us some return. I think they at least
42 have an opportunity here to see if they can make something happen, and it's an equal
43 match plus another ten thousand or so from their own that they have raised. I think the

1 twenty-one thousand they are asking for is at least a chance to see if they can make this
2 work.

3 DELEGATE JOHNSON: Mr. Chairman, I might add that I don't
4 think that from the very beginning that that part of Russell County has received any
5 money from the Tobacco Commission, and I feel this one would be a good project.

6 DELEGATE KILGORE: All right. Floyd County Board of
7 Supervisors Building Marketing Grant. This is funds to hire a professional industrial site
8 relocation firm to market the county. Total project cost is seventy-two thousand.
9 Basically the Staff is saying that request or the marketing in that locality is more than
10 likely left to the local government. When you look at regional projects or regional
11 markets, as a result the Staff recommends no award. Anyone have any comment on that?
12 All right.

13 The next is Floyd County Board of Supervisors Chateau Morrisette Business
14 Retention and Public Water System Plan. I think this is the one Delegate Dudley spoke
15 to me about.

16 MR. PFOHL: Mr. Chairman, the county and the winery have been
17 working with Staff for probably more than a year to try to identify a solution for assisting
18 the winery, dealing with two principal issues that are pretty significant. The winery has a
19 very substantial investment at this site, but because of the drought situations and the lack
20 of a public water system and they don't have adequate fire protection. The insurers have
21 approached them and have said at some point they are not going to be able to insure them
22 at any cost.

23 Secondly is the unreliability of the water supply. The winery is a year-round
24 venture with year-round wine production and has a restaurant on-site. With this drought
25 situation and an unreliable water supply it jeopardizes the ability to do business. With the
26 Staff's assistance the county and the winery approached People Incorporated, which you
27 recall had some funding that they blended with Small Business Administration funding,
28 and they have provided a low-interest loan for the project, and that is an interim financing
29 vehicle, and we have some specifics about the terms of that loan. That funding is in
30 place, and also funding is available from the 9th District Loan Program. The county is
31 approaching the Commission to ask for funding to purchase the system that was built by
32 the winery with the approval of the Virginia Department of Health. The county would
33 acquire that, and the winery would be reimbursed for construction costs for putting this
34 facility in. Then they would operate it with the public water system and fire protection
35 and for drinking water purposes in that portion of the Parkway.

36 DELEGATE KILGORE: Would that serve other individuals?

37 MR. PFOHL: Yes. The principal user would right now be the
38 winery, and it would serve other users in the area. We understand there are also proposals
39 to put additional Parkway visitor centers and cultural centers up in that area, and it would
40 be expandable to serve additional tourists traveling down the Parkway. For the time
41 being, though, it would principally serve the winery, and you have some information
42 about the types of revenue that the winery would generate.

43 DELEGATE JOHNSON: Mr. Chairman, the Agribusiness, it is

1 similar to the Washington County Oaks Park, and there are a lot of prospects, but at this
2 time with the situation as it is, the insurance is not available, and people are not taking it
3 on.

4 DELEGATE KILGORE: So this could help --

5 DELEGATE JOHNSON: -- Open up other opportunities for other
6 businesses.

7 MR. PFOHL: The winery is projected to grow about twenty percent
8 over current revenues if they had an adequate water supply. We suggested to the
9 applicant that they contact both USDA and the Virginia Department of Housing and
10 Community Development, and they did, and they were told that they weren't eligible for
11 either one of those programs. They have done their homework to go to some other
12 funding sources.

13 MR. THOMPSON: Why are they not eligible for the USDA?

14 MR. PFOHL: The USDA Rural Business Grant Program, because
15 of the annual revenues the winery exceeds maximum threshold.

16 MR. THOMPSON: Are there any other programs that they would
17 be eligible for?

18 MR. PFOHL: Potentially the water, we didn't hear that they got any
19 positive feedback on that, that might potentially still be a source.

20 SENATOR PUCKETT: Mr. Chairman, I'm going to make a
21 recommendation, or a motion, or I guess whatever is appropriate at this time. Delegate
22 Johnson mentioned similar to the project that we did in Washington County up the road
23 here, but that went through Special Projects. I'm going to recommend we move this
24 request to Special Projects and ask that Senator Wampler's committee consider that.
25 We've already set a precedent for dealing with this type of request by putting it in Special
26 Projects, and I think it probably should go there and be consistent with what we have
27 been doing.

28 MR. BANNER: Floyd County would take over the operation of this
29 water system?

30 MR. PFOHL: Yes, it would be publicly owned.

31 MR. BANNER: So that would open it up probably to BSA?

32 MR. PFOHL: Potentially, right.

33 MR. THOMPSON: Before or after the improvements?

34 MR. PFOHL: The improvements are open and operating, the
35 system is in place and is owned by the winery right now and built by the winery, and they
36 had water permits by Health, but right now it is currently owned and financed by the
37 winery. What the county is asking us for is to provide funds to basically take the winery
38 out of the picture and retire those two loans that they have on their plate.

39 MR. BANNER: When that happens they should be eligible for
40 some more Rural Development money?

41 MR. PFOHL: Yes.

42 MR. MONTGOMERY: Is this the regional aspect of this?

43 MR. PFOHL: In terms of the winery, they are buying their grapes

1 from vineyards from both sides of the Blue Ridge, so it is regional in that aspect. The
2 fire protection will serve not only Floyd County but also Patrick County, and their
3 representative can probably address that better than I.

4 MS. LYDEANA MARTIN: I would just say that this is for our
5 regional tourism, because not only do they have their own vineyards there, but they have
6 their own restaurant and retail shops, and five hundred thousand visitors a year come
7 through that area at Rocky Top. It is a substantial regional attraction. Right now they
8 employ eighty people from Floyd County there. Our marketing proposal is for jobs and
9 the hope of what could happen. These are real jobs, and they are there now, and they are
10 in jeopardy. We requested through EDA, and that was rejected, and we requested through
11 the Rural Development, and that was rejected, and because of the size of the winery it
12 was above the limitations for small business assistance. I just wanted to address that
13 particular question.

14 DELEGATE KILGORE: I think we are supportive of the
15 application, but we're just saying that in order to be consistent with Senator Wampler's
16 Special Projects Committee they consider that and treat you the same as Washington
17 County.

18 MR. FIELDS: So that's Patrick and Floyd the same, Special
19 Projects?

20 DELEGATE KILGORE: Yes.

21 Let's go to the next one, City of Galax, Chestnut Creek School of the Arts.

22 SENATOR WAMPLER: Mr. Chairman, I've been getting a call on
23 this one every day.

24 SENATOR PUCKETT: Mr. Chairman, I recommend we consider
25 the Staff recommendation.

26 DELEGATE KILGORE: Any comments, you reviewed it.

27 MR. PFOHL: A ten percent cash match. We don't have an official
28 match requirement, but that has been similar to baseline that the Staff has used over the
29 last two years as far as what seems to be a reasonable match. The Staff has had
30 conversations about this project, and it has been brought to us on at least two previous
31 occasions. They were asked to scale their request back to reflect conversations that Staff
32 has had and to get the project out of the gate. I think the award would be consistent with
33 moving some of the other projects forward.

34 DELEGATE KILGORE: Can they make that ten percent cash
35 match?

36 MR. PFOHL: They are saying yes.

37 SENATOR WAMPLER: Should we decide to do this, I think it
38 would be appropriate to say non-recurring one-time funding of certain projects, because
39 we simply can't continue to do a lot of these. We don't mind doing some seed capital, but
40 I think that needs to be established accordingly.

41 DELEGATE KILGORE: Have you got that down?

42 SENATOR PUCKETT: Mr. Chairman, I have a commitment in
43 Grundy that I have to leave. I wanted the record to show that I do have an interest in the

1 Town of Damascus Creeper Trail, and I support the Staff recommendation, and also the
2 University of Virginia College at Wise Entrepreneurial Development. Unless there is
3 some problem that I haven't foreseen, I would support the Staff recommendation on those
4 projects.

5 DELEGATE JOHNSON: Before the Senator leaves I'm going to
6 recommend for the Town of Damascus that we appropriate the seventy-two thousand and
7 not the fifty. The Town of Damascus has received nothing whatsoever from us, and I
8 support the project.

9 SENATOR WAMPLER: I'll support a hundred thousand, but I
10 would defer to the gentleman from Damascus.

11
12 NOTE: At this point Senator Puckett leaves.

13
14 DELEGATE KILGORE: All right, let's go Lee County Airport
15 Improvements.

16 MR. MONTGOMERY: I'd like to call on the Lee County
17 Administrator, and maybe he can enlighten us on this one.

18 MR. DANE POE: With all due respect to the Staff members
19 present, there is another Staff member that might need to be consulted. I spoke to her
20 two weeks ago in trying to facilitate the trip for the Tobacco Commission Staff members
21 to Lee County through the FSA office, and one of the things that she learned was that we
22 did not have an instrument approach procedure, and she said you all need to get that, and
23 I said we're trying. Then she said why don't you ask us for some money, so we've already
24 done that.

25 MR. FIELDS: She wouldn't fly in there without it, would she?

26 MR. POE: She wouldn't try it, they scrubbed it and rescheduled it.
27 That's one of the dilemmas we do face right now. We do not have an instrument or a GPS
28 approach. The FAA in years past has actually funded the Section 405 survey that we
29 need to have completed. We're asking for fifty thousand, and they no longer do that. I
30 suppose that is part of the outsourcing of the federal government, they outsource it to the
31 local sponsors for us to come up with funds to complete that. Without the GPS approach
32 it restricts the use of this facility. I'd like to invite you all to come down, and I wouldn't
33 invite you today, because the Tri-Cities traffic controller would not give you a ceiling
34 clearance below fifty-two hundred feet, which means you wouldn't make visual contact
35 with the airport, and you wouldn't be able to land. If you had the GPS it would give
36 pilots a procedure to follow, then they can come in at a much lower elevation and actually
37 land there.

38 The other item that we have asked for would be a complement to that, and that
39 would provide weather information to pilots and local citizens as well as at the facility.
40 That is the AWOS system. I'll be glad to answer any questions if I can. I thought I
41 caught you in a generous moment.

42 DELEGATE KILGORE: The mood changes quickly up here.

43 SENATOR WAMPLER: Would you tell me what this buys, does it

1 do the planning and do everything else you need to do, and have you gotten federal
2 money or state money?

3 MR. POE: There is no federal money for the Section 405, but there
4 might possibly be state money for the AWOS.

5 SENATOR WAMPLER: Have you applied for that?

6 MR. POE: Not for the AWOS, because the state at this point will
7 not approve and probably, probably won't approve the AWOS until we can demonstrate a
8 higher usage for the facility, but we can't demonstrate a higher usage without the GPS.
9 Of course, many of you are aware in the state, and they didn't have a good year this
10 year as far as the Department of Aviation, as I understand it, for funding, but I think they
11 have had a backlog for the last couple of years, because it has been lean years budget-
12 wise, and they haven't been able to fund projects that they have been trying to play catch-
13 up on.

14 SENATOR WAMPLER: I don't mean to sound this way, but why
15 don't we go to Richmond and put a budget amendment in and get this for you?

16 MR. POE: You're the one.

17 SENATOR WAMPLER: Why is it we would use Tobacco
18 Commission dollars for something that the state could otherwise fund?

19 MR. POE: Good question, I'm not sure if the Section 405 is
20 available or eligible for funding, but it is holding up our GPS status. The state is
21 coordinating that. We're seeking funding for other projects from the state as well, and we
22 have not been successful in the past year in getting additional funds.

23 SENATOR WAMPLER: I have an idea, a Virginia Highlands
24 identical request. This is important, and you truly need it, but I feel we need to take a
25 bite at the apple before we use Tobacco Commission dollars. Maybe our budget
26 amendments would be held in a greater degree of priority if we could say we could match
27 it up with some Tobacco Commission dollars. I hate to use us as the primary bank for
28 something when there are other dollars available. I know how important it is to have that
29 airport when you're flying in at night and having something other than the weather report
30 from Tri-City or Lonesome Pine.

31 MR. FIELDS: If you do that, then I think the Commission or the
32 Committee, I know Lee County really needs that.

33 MR. MONTGOMERY: As I understand it, you're talking about fifty
34 thousand for the weather station.

35 MR. POE: Fifty thousand for the Section 405 survey that would get
36 everything that the FAA would need to come and link up the GPS approach. The AWOS
37 system is a hundred and fifty thousand, but without the GPS approach the AWOS won't
38 come into play that much.

39 MR. PFOHL: Senator, one of the points I left out in the Staff
40 recommendation is that that airport has already received Special Projects funding, two
41 hundred seventy thousand for some other capital improvements at the site that Mr. Poe
42 may be able to shed some light on. Is this something, or should we look at maybe
43 shifting some of those funds?

1 MR. POE: We have not drawn down any of those funds, but we
2 have implemented use of them already. We have already started some construction at a
3 local cost of three hundred twenty-five thousand. We're also building the T-hangar
4 taxiway, and we're using some Tobacco Commission funds to make the local match from
5 the State funds for that. We completed the terminal study, which is a prerequisite for
6 going back to the state for design and construction funds, and we hope to use Tobacco
7 Commission funds to assist us with that. We're also in the process of establishing a fuel
8 service on-site, using those funds.

9 MR. PFOHL: You don't see any wiggle room where those funds
10 could be put toward that survey?

11 MR. POE: We have to use those funds, same thing with any
12 program.

13 MR. MONTGOMERY: We've already approved two seventy-one
14 for what you just spoke to?

15 MR. POE: Yes.

16 MR. MONTGOMERY: You're not talking about coming back for
17 more funds for those projects?

18 MR. POE: No, my comment is that if we shift those funds for this
19 project we'd still have to have funds to complete those.

20 MR. MONTGOMERY: Funds for the GPS and weather in order to
21 make the airport complete where it can be used?

22 MR. POE: Yes, it would open it up to a much greater degree for
23 usage.

24 SENATOR WAMPLER: Dane, the fifty thousand you need, is that
25 for a study?

26 MR. POE: That's a survey, that's basically, it takes in the
27 surrounding --

28 SENATOR WAMPLER: -- You have to have that?

29 MR. POE: You have to have that before the FAA will develop the
30 approach procedure.

31 MR. MONTGOMERY: That's an actual survey?

32 MR. POE: It's a ground survey, and that's of all approaches in the
33 approach path so they can develop that site.

34 DELEGATE KILGORE: What about the forty thousand plus you
35 all's ten, and that's just to match? Forty thousand, and that would give you fifty thousand
36 to do the survey.

37 MR. POE: We appreciate anything. I hear Bob Barker in the
38 background, higher and higher.

39 DELEGATE KILGORE: I think that will work and get us where we
40 need to go.

41 MR. FIELDS: That certainly would help.

42 DELEGATE KILGORE: Next is Lee County IDA Constitutional
43 Oaks Industrial Park Expansion, a request for six hundred thousand. This is an

1 acquisition of a hundred and seventy-acre park. Total project costs seven hundred
2 thousand. I understand it is the county's most marketable park consistent with their long-
3 range plan. Any comments on this one?

4 MR. TIM LONG: I just want you to be aware that Lee County has
5 not had a project in the state in ten years. We've had the utilities there, and this is called
6 almost a last frontier in Southwest Virginia. We don't have a whole lot of land to use for
7 an industrial park. This land is right adjacent to our current facility called Constitutional
8 Oaks, an additional one hundred fifty acres. It already has water and sewer on it. It
9 already has gas on the site and a four-lane highway in front of it, sixty-five miles away
10 from the Interstate, I-75. We can't really call it a regional park, it is so close to Kentucky,
11 Tennessee and Virginia. In that little park out there we could draw about three hundred
12 thousand potential employees just from that one site. This is something we are
13 desperately needing. The state has been trying to get activity in that county and haven't
14 had a project in ten years. We're trying to make this work. We need some help.

15 DELEGATE KILGORE: You haven't had a project through
16 Economic Development in ten years, you say?

17 MR. LONG: That's correct. We're trying to make that property
18 more enhancing, and we do have a four-lane highway in front of it, and we don't have to
19 come back for water and sewer, because it is already there. This property is just sitting
20 there waiting to be developed, and it is right beside our property and it is going to be a
21 very attractive site, and we have a conceptual plan. I think you have seen what we are
22 trying to do there. We're trying to think outside the box and make a more attractive
23 facility for Lee County.

24 MR. MONTGOMERY: How far is it from the airport?

25 MR. LONG: We're ten miles away from the airport, ten minutes.
26 We've already got this property, and we want to market it and bring it back up to speed,
27 and everything is on the place.

28 MR. FIELDS: Cable also?

29 MR. LONG: That's correct.

30 MR. MONTGOMERY: I understand you sold the building over
31 next to the prison, how much would you net on that?

32 MR. LONG: We should net over five hundred thousand on it.

33 MR. MONTGOMERY: You're going to have some money there to
34 help on this project?

35 MR. LONG: Correct, that's what we're trying to do. Our total
36 project on that renovation is almost or maybe over a million dollars, one point two
37 million dollars to help get some. On the lower tier there, there is an excellent
38 opportunity, we have had two great prospects look at that property already, Ford and
39 Toyota, and that would be four hundred jobs. The only problem was it was so far away
40 from other plants. I've got some property on option now, and I'm showing it, two
41 hundred and ten-acre industrial park, but because of the land, it makes it more attractive
42 to major companies. If we had more property we could bring more jobs.

43 MR. MONTGOMERY: How much is the option for?

1 MR. LONG: It's a verbal option right now and nothing that we have
2 put on the table.
3 MR. MONTGOMERY: I take it you have been paying some money
4 down?
5 MR. LONG: We have been paying a thousand until recently,
6 waiting to see what is going to go on.
7 MR. MONTGOMERY: How much is the total price of the option?
8 MR. LONG: The total price is eight hundred seventy-five thousand.
9 MR. MONTGOMERY: You're going to have five hundred thousand
10 net out of the sale of the building, the prison?
11 MR. LONG: That's correct.
12 MR. MONTGOMERY: Do you have any money anywhere else?
13 MR. LONG: We've got a little money we're trying to operate on.
14 You know how everything is going, but we love you guys.
15 SENATOR WAMPLER: You can reapply the five hundred thousand
16 dollars proceeds of that building, is that what you're saying?
17 MR. LONG: No, sir. We've invested IDA money to buy the
18 building and construct it. That building basically was draining the IDA's bank account,
19 and we're taking that money and replenishing our bank account, because it's money we
20 have already spent out of our own funds.
21 SENATOR WAMPLER: That would mean then that we could go to
22 Constitutional Oaks and reinvest those dollars in the county?
23 MR. LONG: Yes.
24 SENATOR WAMPLER: Mr. Chairman, my concern on the
25 application was that, and looking at Staff's recommendation, two hundred thousand, and
26 there is still a four hundred thousand dollar shortfall for that initial phase. We need some
27 county match to go along with that to buy down the cost of the project. I don't know if
28 we can do two hundred thousand, once we get into this spreadsheet. I think there is not
29 enough product, even it is rolling hillside now. It truly is a good project, and I drove by it
30 Monday, and I can see it there. It ultimately will land some good businesses in that area,
31 but we have to have local match. I think we should recommend something, but we
32 should also have some, or at least an equal local match to accomplish this.
33 MR. MONTGOMERY: As I understand it, you used the five
34 hundred thousand to get out of that building?
35 MR. LONG: Yes. We have also put a hundred thousand on the
36 table. That's what we're trying to do from the county. What I'm trying to do is shore up
37 the project.
38 DELEGATE KILGORE: --- put two hundred thousand down.
39 MR. FIELDS: Did the IDA put up a hundred thousand?
40 MR. LONG: We're anticipating a hundred thousand with the two
41 hundred thousand. We anticipate six hundred, but a hundred thousand of that.
42 MR. MONTGOMERY: IDA money or county?
43 MR. LONG: IDA money.

1 MR. MONTGOMERY: What do you think the county can do?
2 MR. LONG: That's something we have to address the Board of
3 Supervisors with.

4 MR. MONTGOMERY: Do you think you'll get some money out of
5 them?

6 MR. LONG: We'll talk to them and see. I can't make a commitment
7 for the Board of Supervisors. I don't want to get in that game. The IDA is very interested
8 in helping the county.

9 DELEGATE KILGORE: The Staff recommended two hundred
10 thousand, let's pencil that in, or put that in there, Sara.

11 MR. LONG: I appreciate any help from you guys. Thank you.

12 DELEGATE KILGORE: Lonesome Pine Arts and Crafts,
13 Incorporated. Outdoor Drama Upgrades.

14 MR. PFOHL: This is a list of capital improvements that the
15 applicant is proposing, including new public restrooms, replacement of sound barrier
16 fencing, improvements and construction of a new business office. They are projecting
17 they can expand their actual visitation by one hundred thousand patrons. They have a
18 variety of new revenues, including ticket sales and local spending and payroll impact.
19 The priorities include capital improvements.

20 MS. POLLY: My name is Barbara Polly, and we operate the outdoor
21 drama. Restrooms are very crucial for us, we've been performing for forty-one years, and
22 after forty-one years things start to fall apart. Our restrooms and the usage by the senior
23 citizens, it's sort of a downhill trend for them. It's a little bit of a distance for them, so it
24 is important we put these new restrooms adjacent or in close proximity, and that's what
25 we want to do. To do that we have to go through some different projects and buy land.
26 We've been working toward these improvements for quite a while, so it is very crucial for
27 us to get this accomplished, and that is our prime thing.

28 Of course, it would be nice to have or be able to update our office. We have an
29 older home that is right adjacent to our facility, and we're in the process of purchasing it
30 and using it for a physical or a full-time office. It is a historic building also, and it needs
31 to be updated. The whole street is in a historic district, so it is going to take on a whole
32 new tourism aspect to it as we get the thing fully developed. It is a step-by-step process
33 that we're going through.

34 We would appreciate any help we can get on it. I know there is a possibility of
35 a hundred thousand, but if we could add five thousand to it it would help us get the
36 restrooms completed. It is very important we use an architect to make sure everything is
37 to code and everything is properly done. I thought when we got here if we could just
38 have an extra five thousand, that would complete the whole thing. It would be nice to do
39 all the other projects involved with this, but it is crucial we get this first part done.

40 MR. MONTGOMERY: Mr. Chairman, I think this is a great project,
41 and I feel personally I wish we could fund the whole thing. Ms. Polly filed this back last
42 fall, and it got lost for about six months, and I happened to check, and it was laying on
43 the desk, and it was just one of those things, but I'd have to apologize to you for that, and

1 it should have come before us earlier. In spite of the fact that Wise County has very little
2 tobacco, I think it is a great regional program. It fits in with the Crooked Road Trail, and
3 it is a proven draw.

4 MS. POLLY: We've been pulling in tourists now for over forty
5 years, and this past summer we had thirty-three states represented and from five foreign
6 countries, those people made their way through our doors. So we feel like it is something
7 that is very important for our region.

8 MR. FIELDS: It would be very kind of you to help get Ronnie and
9 me a part in the play, that's all we ask for.

10 SENATOR WAMPLER: If the Chairman were seated, he would say
11 you're out of order.

12 DELEGATE KILGORE: All right, thank you very much.

13 MR. FIELDS: I'd recommend a hundred and five thousand.

14 MR. MONTGOMERY: I'd recommend the two hundred and
15 seventy-six thousand.

16 DELEGATE KILGORE: I'm for it for the total amount, but I don't
17 know that we'd have the money.

18 MR. FIELDS: I know we don't, but I think possibly there are some
19 other funds out there that they may have to search for. There may be some ARC money.

20 MR. MONTGOMERY: How about some seed money? Have you
21 gone to the Coalfield Economic Council?

22 MS. POLLY: No.

23 MR. FLANNERY: I'm Chairman of the Executive Committee.
24 That's a good question, and they have not made an application to VCEDA. As you know,
25 our office with Lenowisco have been through the application. I'd say this is a fifty/fifty
26 deal.

27 MS. POLLY: I think we have had some funds this fiscal year and
28 also some funding next fiscal year.

29 MR. FLANNERY: The Board members and Staff members of
30 VCEDA, we do have funds allocated, it appears to be eligible for capital construction,
31 and I think it is safe to say we'd be delighted to look at it. I hope that answers your
32 question.

33 DELEGATE KILGORE: Thank you, gentlemen.
34 Lonesome Pine Arts and Crafts, Lonesome Pine School and Historical Center.
35 Is this the --

36 MR. FLANNERY: -- We are part of the Lonesome Pine
37 organization.

38 DELEGATE KILGORE: Is this the construction of the community
39 center?

40 MR. GILLIAM: We are living out of the Tolliver House. We have a
41 museum with approximately thirty thousand pictures relating to the schools of Wise
42 County, Lee County and Scott County. We need a house for them, and we need some
43 landscaping and accessibility. The Town of Big Stone Gap does not have a community

1 center, and we felt we could put one underneath the building itself.
2 DELEGATE KILGORE: Would you give us your name?
3 MR. GILLIAM: My name is Garnett Gilliam. We have raised this
4 past year a hundred and seventy-four thousand dollars locally from private funding and
5 so forth. We own the land that we want to put this building on, and it is located right
6 beside the Tolliver House on the Trail of the Lonesome Pine. We've asked you all for
7 help, and we plan to go to ARC and other places. If there is any possible way you could
8 help us, we certainly would appreciate it. We'd only employ a couple of people, but
9 tourism-wise we already have thousands of people that are coming to the Tolliver House
10 to see memorabilia and other stuff that we have. We all go back to about the 1900's,
11 actually. We have pictures of schools and people and so forth. If there is anything you
12 can do for us, we certainly would appreciate it.
13 DELEGATE KILGORE: You haven't heard anything from ARC?
14 MR. GILLIAM: No.
15 MR. FIELDS: Have you filed for any help?
16 MR. GILLIAM: We have not filed yet. We are kind of a new kid on
17 the block, but when you apply for these things you need to know where you are going
18 and what direction for these federal and state grants. We do intend to file those.
19 MR. MONTGOMERY: Are you a 501 C3?
20 MR. GILLIAM: We are a non-profit organization. We're part of the
21 Trail of the Lonesome Pine. There are four parts to the Trail of the Lonesome Pine. We
22 have the Outdoor Drama and the Tolliver House, and we're the fourth part of it.
23 DELEGATE KILGORE: You fall under their umbrella?
24 MR. GILLIAM: Yes.
25 DELEGATE KILGORE: It sounds like a good project, but I think
26 we would have to hear from ARC and some of these other grant proposals and see where
27 we are going and see what we can do. I think it's a good project. I think ultimately we
28 could help you, or at least we want to.
29 MR. GILLIAM: There is nothing like it in our local area.
30 MR. FIELDS: Do you all plan on doing that?
31 MR. GILLIAM: Yes.
32 DELEGATE KILGORE: Next, Mount Rogers Planning District
33 Commission Whitetop Community Services Facility requesting a hundred and fifty
34 thousand. Funds are requested to address construction costs, overruns and un-anticipated
35 septic requirements in community service facility housing multiple agencies in remote
36 mountainous location.
37 SENATOR WAMPLER: What I want to talk about is the Christmas
38 Tree Growers' Association, and I want to add that one of the projects that we have
39 previously funded, the Export Initiative, now has produced folks from Mexico going to
40 Grayson County to look at buying Christmas trees. This year we'll ship a load of
41 Christmas trees to Mexico, and I happen to think that has all kinds of potential. If you go
42 to Whitetop during Christmas tree harvesting season, you see a rather large migrant labor
43 force, and part of the center is to have English as a second language, training for the

1 migrant workforce. I realize where we are on our spreadsheet. I think this will help the
2 Christmas Tree Growers' Association, and I think that is something good from the
3 investments we have already made. I think this is about a two million-dollar project. I'd
4 recommend seventy-five thousand when we get ready to do this.

5 DELEGATE KILGORE: Next is New Beginnings Southwest
6 Virginia. The funds will be used to purchase a building in Dryden, Virginia in Lee
7 County, and that will be for a long-term residential treatment facility.

8 MR. MONTGOMERY: I understand they have already got a
9 building, and it was donated to them.

10 DR. ART VANZEE: I appreciate you gentlemen listening to me for
11 a few minutes, and I want to talk to you about New Beginnings and what it is all about.
12 We're trying to use our resources to meet and deal with some of these problems. I have
13 been here as a resident and physician in St. Charles for almost thirty years. From my
14 perspective, there hasn't been any issue in the last thirty years that has had more impact
15 on individuals and families and communities and the medical, legal and social aspects in
16 Southwest Virginia than has the drug problem. There is a drug problem, and it certainly
17 has been heightened over the last eight years, so it is a completely different situation.
18 The logical question would be what does effective treatment for people who are drug
19 addicted have to do with economics. I would suggest to you that New Beginnings as a
20 long-term residential treatment center would do much more than be able to restore some
21 people's lives and some people's family. There is direct and indirect economic fallout
22 from that. I think the direct is simply an economic issue, and there would be twelve jobs
23 created, good jobs that will be of long standing. That is really minor in comparison to the
24 not-so-obvious indirect economic aspects of the drug problem. It is well established from
25 national experts that have studied this problem, the dollars you spend on treatment you
26 are going to save about seven to eight dollars of public monies. How that translates
27 down to the local level into our towns and into the counties is as follows. From 1996
28 until 2002, when the drug problem has been the most rampant, jails filled up, as you're
29 well familiar with. We had the county cost for security detention for juveniles. The
30 county's responsibilities for the jails went from about a hundred and nineteen thousand
31 dollars in 1996 to seven hundred thousand in 2002. Lee County Social Services had
32 thirty children in foster care in 1996. We had a hundred and twenty in 2002. Lee County
33 is just a microcosm of what is happening all over in Southwest Virginia. I think it would
34 be very difficult for anyone in this room to find families that have not been directly
35 affected by the problem.

36 I was talking to Dennis Lee, who is the Commonwealth Attorney in Tazewell
37 County, a few weeks ago. Dennis indicated out of their county, forty to forty-five
38 thousand, they have had four thousand individuals in prison over there because of this
39 problem. Not a hundred percent, but the great majority that he's talking about are non-
40 violent drug offenders.

41 MR. MONTGOMERY: I understood you already owned a building.
42 If you buy the building or you buying it from another? Who owns the building now?

43 DR. VANZEE: I'll clarify that, because it is a little confusing.

1 There is not a capital purchase of the building as such. One of these chains closed a
2 nursing home a few years ago and basically donated that building and four acres of land
3 to this local community group.

4 MR. MONTGOMERY: They donated it to you all, or some other
5 company?

6 DR. VANZEE: The Lee County, it's a non-profit group of people,
7 they got the donation of the building. Subsequent to that, New Beginnings, another non-
8 profit organization, was created. What has happened since that time is we have been able
9 to raise about two hundred thousand from a multitude of sources, and the building has
10 been renovated. Physically, it is close to being able to go. What this is referring to about
11 the purchase of the building is that we did receive a long-term low-interest loan of fifty
12 thousand from Rural Development Initiative, the Department of Agriculture a fifty
13 thousand-dollar grant. There is three hundred and seventy-five thousand, which is the
14 low-interest loan, but they cannot use that to fund the operation, but they can use it and
15 give it to a non-profit to essentially buy the building. The intent is to give the low-
16 interest loan to New Beginnings, who will basically buy the building from Lee County
17 Coalition for Health, which will just turn around and help supply money for the operation
18 of the building. It is a way that we could move to be able to get in operation.

19 There are a lot of other economic aspects of this. If you've spent any time
20 talking to coal mine operators, there is a real concern on how they are going to be able to
21 provide, to get a drug-free workforce and those that could pass a pre-employment drug
22 test. Certainly coal operators are reluctant to have their current employees tested,
23 because they know that many of them couldn't pass the drug test.

24 Those are the kinds of real economic issues, so we would request your support
25 of this project. We'll get this open, one way or another. I think the support as we
26 requested will aid us in being able to develop this.

27 DELEGATE KILGORE: Are there any comments or questions?

28 SENATOR WAMPLER: Mr. Chairman, in referring to Boynton,
29 and Mecklenburg brought a proposal to us, and we chose not to fund it, and they went to
30 other sources and leveraged up some dollars, and now the health clinic has opened, and
31 we try to do what we can. I think this is another example of going back and securing
32 other funding sources. I'm not sure the Tobacco Commission wants to be the primary
33 funder of health- related services. If it is something that we play a critical role, maybe
34 we can do that and look at it again later. It is not inconsistent with what we have done
35 before, I guess, looking for other sources.

36 DELEGATE KILGORE: Let's look at the Town of Saltville.
37 Saltville Business and Tourism Development Project.

38 MS. MITCHELL: I'm Tracy Mitchell, representing the Town of
39 Saltville. This project will help increase the town's competitiveness in attracting new
40 industry and tourism. It is located in our downtown area. It will enable us to take a
41 clubhouse that is located on our downtown golf course and improve it to the point where
42 we can use it as a business recruitment tool. We can use it to host tourism events and
43 tourists that come into the Town of Saltville. We have around fifteen thousand tourists

1 that visit the museum in Saltville every year, and many of those tourists include bus loads
2 of people at a time. While that benefits the museum and middle Appalachia, the town has
3 been relatively unable to benefit from that in terms of revenue and has not been able to
4 support the museum, because we lack a facility for those tourists to eat lunch in or to hold
5 meetings in. Already this year we have had twenty-four groups come in on day
6 conferences, like Radford University, East Tennessee State University, they come on day
7 trips, visit museums, Civil War sites and ecological sites. They come in on buses and
8 have their lunch, because we have no facility that we can host a large group of people.
9 This would allow us to take a facility that is only used by our golf course here, and that
10 would enable the town to develop that facility into a meeting, conference and restaurant
11 area.

12 DELEGATE JOHNSON: Is the clubhouse a short walking distance
13 to the museum?

14 MS. MITCHELL: Yes, the golf course and museum are in the
15 downtown area.

16 DELEGATE KILGORE: Any other questions or comments?

17 SENATOR WAMPLER: Did we not fund a museum previously?

18 DELEGATE JOHNSON: Yes, an old building.

19 SENATOR WAMPLER: We did it a hundred percent, I think --

20 MS. MITCHELL: -- Yes, we'll be doubling our size this year and
21 hopefully doubling the number of tourists that come into Saltville. As a town we feel like
22 we are not supporting them in being able to support our tourists.

23 DELEGATE JOHNSON: Mr. Chairman, there is no doubt they
24 need something to solve this problem, there's just no place for a group to meet. I believe
25 the golf course is owned by the town.

26 MS. MITCHELL: Yes.

27 DELEGATE JOHNSON: I read in the local paper that the Town
28 Council is looking at making this golf course eighteen holes and adding some land. The
29 town has invested a good bit.

30 MS. MITCHELL: When we started discussing a way to improve the
31 golf course, two things the Town Council identified was improving the clubhouse facility
32 and improving the drainage to some extent, which is a minor part of that, and add nine
33 additional holes to the golf course so it would be listed as a golf course.

34 SENATOR WAMPLER: This is one of these applications where
35 you don't know if you pare it by half what impact it will do to the locality. Whatever the
36 Commission wants to do, if it's like twenty-five thousand, that's difficult on applications
37 like this. I think the financial resources of the town they probably can overcome.
38 Beyond that, maybe we should wait until we get more money. I just don't know, that's the
39 tough part in trying to make these decisions.

40 MS. MITCHELL: The hundred thousand request, twenty-five of
41 that is for drainage improvements and seventy-five for the clubhouse. If it is not possible
42 to fund the full amount, it still would be possible to build the clubhouse. Contributing
43 seventy-five to the clubhouse if you're looking at a smaller way to provide funding.

1 MR. PFOHL: Mr. Chairman, I think the Staff in not recommending
2 an award was due to the lack of a business plan or some assurance that the meeting space
3 at the golf course would be financially feasible, there wouldn't be a significant return on
4 investment, and the community wouldn't get that. I think some sort of business plan
5 would be helpful.

6 DELEGATE KILGORE: Can you work with them and try to see if
7 you can help them?

8 DELEGATE JOHNSON: Mr. Chairman, I would recommend that
9 seventy-five thousand be allocated subject to approval by the Commission as to the
10 feasibility of it. Twenty-five thousand is for the drainage, can you get by without letting
11 the water keep running, the clubhouse you need, that's the most needed, right?

12 MS. MITCHELL: In my personal opinion, yes.

13 DELEGATE JOHNSON: If it is not used and not satisfactory you
14 don't get the money.

15 DELEGATE KILGORE: Is it possible for you all to work with
16 Staff, and we'll have more money in the spring and get a business plan together, and it
17 will take a while to do that.

18 MR. PFOHL: I think a good business plan would take several
19 weeks. I think the spring application round is a March 1st deadline, and we'll have three
20 million available, and I think that will give us some time to run some numbers.

21 MR. BANNER: We just funded the museum. Develop a business
22 plan, and then bring it back in the spring.

23 DELEGATE KILGORE: Thank you.

24 The next is Scott County Economic Development Authority Leadership
25 Academy Southwest, fifteen thousand dollars for this program. Working with the Scott
26 County staff, these funds would be used to implement a program with the Mountain
27 Empire Community College. There are other sources of funding. Staff recommends full
28 award, conditioned on program being open to all corporate employers in Planning
29 District One.

30 SENATOR WAMPLER: I think we could do that.

31 DELEGATE KILGORE: Put that down for fifteen.

32 Next is Town of Damascus, seventy-two thousand.

33 DELEGATE JOHNSON: We have the mayor here from the Town of
34 Damascus.

35 MR. CREED JONES: I'm Creed Jones, and I am the Mayor of
36 Damascus. I appreciate you giving us an opportunity to speak today, and I promise you
37 this is a worthwhile project. Whatever we do, we will do it right, and you will be proud
38 of us. If you have any questions, our Town Manager is here, and he can answer those for
39 you.

40 DELEGATE KILGORE: You probably should just stay seated.

41 All right, the next is UVA Wise Entrepreneurial Development Program.
42 Seeking funds to match VCEDA. The Staff recommends the full award. The request
43 would fund the program for its first two years, and the application indicates they would

1 seek additional funding for the project through 2008.

2 MR. MONTGOMERY: I'd like to ask Mr. Belcher, the total project
3 cost is two hundred thousand, and this says a hundred thousand from VCEDA. Did I
4 hear you say two twenty-five?

5 MR. RON FLANNERY: The plan was, VCEDA was going to put
6 fifty thousand a year for five years, and the idea is that they would come to the Tobacco
7 Commission. In last year's application there were some miscommunications or
8 misalignment, so this is catch-up. This hundred thousand we catch up with VCEDA's
9 one hundred, that would give a pot of money of two hundred thousand. I think it is safe
10 to say that between the college and VCEDA we want to see what activity we have.

11 MR. BELCHER: VCEDA approved fifty thousand last year and
12 fifty this year, and the program is not operational yet. We have received a number of
13 requests, and they are all very solid requests.

14 MR. MONTGOMERY: What region are those requests from, or
15 what counties?

16 MR. BELCHER: It's from Planning District 22.

17 MR. MONTGOMERY: How many from Lee and Scott?

18 MR. BELCHER: So far, one from Lee. We had a phone inquiry
19 from Scott, and we haven't received any information yet.

20 MR. FLANNERY: Mr. Chairman, just to follow up. We rely on our
21 local economic developers to make referrals, so we need to run this within that area.

22 DELEGATE KILGORE: The Staff has recommended the full
23 award. Go ahead and put that down, Sara.

24 MR. BANNER: Is there any way to get funds for part of it, or fund
25 just part of it?

26 DELEGATE KILGORE: We're going to be doing that here in just a
27 minute.

28 MR. FLANNERY: That would be concurrent with VCEDA's share,
29 that would be dollar-for-dollar.

30 SENATOR WAMPLER: Maybe we could just wait and do it in the
31 spring. If we can't do the program, maybe the best is to reapply.

32 DELEGATE KILGORE: I think it is a good program.

33 MR. FLANNERY: Then we couldn't do any of it.

34 SENATOR WAMPLER: That would be the point, we'd come back
35 in the spring so you could do it right.

36 DELEGATE JOHNSON: If we had the fifty thousand we could go
37 ahead and get the program started right now, about a year and a half after. We're hoping
38 to get that, basically starting the program in 2004, that would take us out to '09.

39 MR. BANNER: If we funded fifty, then VCEDA could fund fifty,
40 and we could get some seed money, at least, and get it off the ground and then you could
41 come back in the spring, and we'd have more money.

42 MS. GRIFFITH: I had a hundred, but should I put fifty now?

43 MR. BANNER: That would be my recommendation.

1 DELEGATE KILGORE: I'm pushing for a hundred thousand, see
2 what we can do there.

3 The next item is the Virginia Highlands Airport, and that is the Runway
4 Extension Project.

5 SENATOR WAMPLER: I don't understand the application, five
6 million dollars, and there are all kinds of grants pending, and I don't know what
7 likelihood we have of getting those grants approved in a timely manner, much like the
8 Lee County Airport, we'd like to see it move forward an additional runway link, that's
9 huge to that airport. Otherwise we miss the traffic and they go to Tri-Cities. Once they
10 are in Tri-Cities, while we're in a regional economy, we like to generate revenues for the
11 Commonwealth here to the extent we can. I guess my point is that I don't know what we
12 can carve out of the application to do this. It is critical to Lee County. I don't know if
13 anyone can answer that question for me or not.

14 UNIDENTIFIED: Can I look at this a little more and bring it back
15 in the spring?

16 SENATOR WAMPLER: Yes. Then we'll have another budget
17 session, and we'll try to do something in Richmond.

18 DELEGATE KILGORE: That would be my advice. Try to get
19 some answers pretty quick so we'll know what we need, when the legislators meet in
20 Richmond we'll make that request. Can you do that? All right, thank you.

21 The last one is the Town of Wytheville Southwest Virginia Artisans Market.

22 MR. PFOHL: Mr. Chairman, the project involves several aspects of
23 some capital improvements and some planning for additional facilities at the visitor's
24 center and the Homestead Museum. I believe we approved some capital funding or
25 capital improvements for the visitor's center. There are actually kind of three components
26 to this. There is a planning and feasibility study for the development of an Artisans'
27 Center, where forty thousand of Commission funds are requested. Then there is the
28 renovation of an existing second floor in their visitor's center for offices for the Museum
29 and visitor center staff, and that request was a fifty thousand-dollar request. Then there
30 is a thirty thousand-dollar request for Staff support for the project. The total request is a
31 hundred and twenty thousand.

32 We're hearing that there is a movement afoot within state, regional and local
33 circles to look into the regional Artisan Trail that would be somewhat similar to the
34 Crooked Road and Heritage Museum. These sites would be scattered across the tobacco
35 region. If the Commission could help this artisan site move forward by getting through
36 the development phase and looking at the economic impact, a business operating plan
37 and feasibility with the forty thousand, that would help them move through that stage.

38 DELEGATE KILGORE: What did we fund in the spring to the
39 Homestead?

40 MR. PFOHL: I believe it was a fifty thousand-dollar award for
41 physical improvements to the site, walkways and restrooms and some other facilities.

42 MS. FRANCES EMERSON: I want to thank you for all the
43 support. In the spring the visitors' center opened. We're getting ready to build new

1 restrooms by the end of the month. The visitors' center opened a month ago, and we're
2 averaging about a hundred visitors a day. We had our first festival at the Homestead, and
3 we had almost a thousand people two weeks ago. The Artisans' Market would be the next
4 component of our project. With the forty thousand we could do an economic impact
5 study for the region. It's supposed to be a regional artisans' center. We did a formal study
6 this summer with over three hundred artisans, the Highlands Festival. They all said we
7 needed a regional market below commission rate where they could sell their products.
8 With our situation, we're at 81 and I77 already with the regional visitors' center, we're
9 working with ARC to see if we couldn't be the headquarters for the proposed artisans'
10 center. We feel with the study we can do the economic impact and do a database and
11 contact people and get firm commitments to participate in the center. This study would
12 enable us to go ahead, even if we don't get the full funding for the larger market, we
13 could do it on a smaller scale. We have leveraged over one million four hundred
14 thousand for the total project, and this would help us do the final piece of the economic
15 development and the marketing plan. We would appreciate any help we could get
16 towards that.

17 MR. MONTGOMERY: Where is it actually located?

18 MS. EMERSON: Right off where that new shopping center is. You
19 come right off the Interstate and take a left at the stoplight, and it is just a few feet. We
20 have had some property that was donated.

21 MR. MONTGOMERY: Is it south of the Interstate?

22 MS. EMERSON: Yes. It is right off that exit. Ten acres of land for
23 the Heritage Museum, now we have the visitors' center right there.

24 MR. MONTGOMERY: It is convenient to the Interstate?

25 MS. EMERSON: That's right. You've got the visitors' center and
26 the Civil War Trail, and everything is in place. We just need the funding to get the
27 artisans' center up.

28 DELEGATE JOHNSON: The building supply place, where is it in
29 reference to that, the Builder's Supermarket?

30 MS. EMERSON: We are a half mile at most from them, it is all in
31 that little triangle.

32 MR. MONTGOMERY: Across the road from McDonald's?

33 MS. EMERSON: Yes.

34 DELEGATE KILGORE: What is the total, Sara?

35 MS. GRIFFITH: The total is nine hundred forty-nine thousand five
36 hundred forty-four. We had two hundred twenty thousand five hundred forty-four to play
37 around with.

38 SENATOR WAMPLER: We are going to have to go back and
39 readjust, that would be my recommendation. I want to muddy the waters a little bit more,
40 and I know we are trespassing on the audience's time. I know there is an application
41 before the Agribusiness Committee with regard to the Coyote Eradication Bill. It was
42 driven on a one-time non-recurring capital cost. At the urging of several members of the
43 Commission, I have learned, since the Agribusiness Committee has met, that the

1 Governor had agreed to transfer thirty-seven thousand five hundred from the second year
2 of the budget to the first year so that that program can move forward, and there is a match
3 that is required. I would respectfully suggest that the application that was submitted
4 properly before this Committee, and I'd make a recommendation that we appropriate or
5 set aside thirty-seven thousand five hundred to match that expenditure, or up to thirty-
6 seven thousand five hundred. Leave the discretion to the Staff to work out what we
7 actually have to have to get that program back up and running.

8 DELEGATE JOHNSON: I'll second the motion.

9 DELEGATE KILGORE: Why is that related to helping our
10 farmers?

11 SENATOR WAMPLER: I would say that if you're looking at trying
12 to bring income to the farm, loss of a calf or a lamb is pretty expensive when it comes to
13 this predator. In many cases a single incident is a couple of hundred dollars, depending
14 on what you think the value of that calf may be, or to the balance of the herd it could be
15 significant. The bottom line is, you'd have a problem with that. That is not true for all of
16 Southwest, but the counties that have that problem, it is significant.

17 MR. BANNER: The application was submitted to Agribusiness, and
18 Agribusiness didn't approve it.

19 DELEGATE JOHNSON: Agribusiness didn't approve it, and it has
20 not been recommended.

21 SENATOR WAMPLER: What it boils down to is you have one
22 person that works the greater part of Southwest, trapping and other methods.

23 MR. MONTGOMERY: I've got six or eight part-time professionals
24 that do it for free.

25 MR. BANNER: As I understood it, this is the equipment cost,
26 primarily, and the salaries are provided by USDA. Part of the cost for equipment to help
27 control this problem. I'd second your motion.

28 MR. MONTGOMERY: How many counties have the bounty? I
29 know Lee County is getting ready to reinstate one. It seems to me that if the counties
30 actually have a bounty, you're not going to solve the problem, you can only slow it down.

31 MR. BANNER: One of the problems is, we've got one professional
32 that works the Carroll and Grayson area down to Lee County, and he's got so much area
33 to cover that it is almost impossible. Without the equipment and supplies he can't cover
34 that area. He tries to highlight the places where loss of stock is.

35 DELEGATE JOHNSON: It's pretty hard to support the supervisors
36 in putting a greater priority on educating the children than they do killing coyotes. When
37 you get to the point of a bounty, some counties don't have the funds.

38 MR. MONTGOMERY: Our charge is to revitalize the economy
39 with economic development. I'm not so sure that this is doing it. Just putting money in,
40 my preference would be more for industry or some other alternative.

41 MR. BANNER: I think our counties probably would be better
42 served if we looked at organizing this in terms of professional people rather than an
43 individual bounty for a lucky hunter or somebody. I think an additional professional

1 would be better, we'd be better served that way.
2 DELEGATE KILGORE: That's thirty-seven five.
3 MR. PFOHL: The Committee recommendation is that we obligate
4 that fund.
5 DELEGATE KILGORE: If we take it before the full Commission.
6 MS. GRIFFITH: That brings you up to a hundred and eighty-three
7 thousand forty-four dollars.
8 DELEGATE KILGORE: I'd like to hang onto something. I know
9 we're at less than a million dollars that Senator Wampler had in mind, times are tough all
10 over.
11 MR. MONTGOMERY: How much do we have left now?
12 MS. GRIFFITH: A hundred and eighty-three thousand.
13 SENATOR WAMPLER: Here's what is going to happen. We'll have
14 an industrial project that wants to come to the region, and something that does not fit the
15 Governor's Opportunity Fund, the Tobacco Deal Closing Fund, and we've used it before,
16 and that is the problem that we've had. I know all the applicants want their projects
17 funded to the fullest, and we won't have the ability to close a deal or preserve an industry
18 that is about ready to move, and that is the challenge we have. Two hundred fifty ought
19 to be the bare minimum, I would think.
20 DELEGATE KILGORE: These are good projects, but we've got to
21 keep something to help create jobs.
22 MR. MONTGOMERY: I don't have a problem keeping two
23 hundred fifty thousand, we have to provide Lee County.
24 DELEGATE KILGORE: I thought we were going to get more
25 regional here.
26 MR. MONTGOMERY: Look at the amount of money we are giving
27 to areas outside the prime tobacco regions. Go back to what we funded before outside of
28 the primary counties that produce tobacco. I think they have done as well as the primary
29 tobacco counties.
30 DELEGATE KILGORE: A lot of folks need to realize that unlike
31 Southside we do treat it more regional, and we don't divide all the money up according to
32 some formulary that they use.
33 All right, we've got to get to the decision-making part of this. Let's take a five-
34 minute break, and then we'll reconvene.
35
36 NOTE: A break is had, whereupon the meeting continues
37 viz:
38
39 DELEGATE KILGORE: All right, we're back in session, so let's get
40 started. Let's get our recommends for the Full Commission together. I've got what the
41 Staff has recommended, I've got those figures here. Do you want me to go down the list,
42 or do you want to go through them one by one? We've got a hundred eighty-three
43 thousand forty-four dollars left.

1 The first one is Appalachian Sustainable Development, seventy thousand
2 dollars.
3 The second one is Barter Theater Foundation, seventy-five thousand dollars.
4 The third one is Birthplace of Country Music, a hundred twenty-five thousand
5 four.
6 Carroll County, I don't have anything on the Farmers' Market Expansion.
7 Carroll County Public Service Authority, zero.
8 Town of Clintwood, sixty-one thousand.
9 Dante Coal Mining and Railroad Museum, twenty-one thousand.
10 Floyd County, I have zero on the marketing grant.
11 The next one, Floyd County, I'm moving to Special Projects to try to help them
12 out on that, that's the one on the water system, and treat them the same way we did with
13 Washington County, that goes to Special Projects.
14 City of Galax Chestnut Creek School of Arts, forty thousand dollars.
15 Lee County Airport Improvements, I have forty thousand.
16 Lee County Industrial Development Authority, I have two hundred thousand
17 dollars.
18 Lonesome Pine Arts and Crafts, Inc., I have a hundred and five thousand.
19 Lonesome Pine School and Historical Center, I have zero. They are going to
20 work on a business plan and get back to us.
21 Mount Rogers Planning District Commission Whitetop Community Service
22 Facility, seventy-five thousand.
23 New Beginnings of Southwest Virginia, I have zero right now.
24 Town of Saltville, I have zero right now, they are going to work with the Staff
25 and come up with a business plan.
26 Scott County EDA Leadership Academy, fifteen thousand.
27 Creeper Trail has seventy-two thousand.
28 University of Virginia College at Wise, I put down a hundred, but fifty on here
29 that Staff would recommend.
30 The rest, the airport, I have zero, I guess we'll put it in session and get that.
31 The Town of Wytheville, nobody made a motion, and I have zero down.
32 MR. FIELDS: Back to the University of Virginia College at Wise.
33 DELEGATE KILGORE: I used the fifty included in your
34 breakdown.
35 Then, the Coyote Project, thirty-seven five.
36 MR. BANNER: You put fifty for the College at Wise and the
37 Coyote, thirty-seven five, and that leaves a hundred eighty-three forty-four?
38 DELEGATE KILGORE: Yes, that's nine eighty-seven zero forty-
39 four, what you allocated, 987,044.
40 SENATOR WAMPLER: You can probably adjust a hundred
41 thousand, I don't know if the Commission is interested in doing that or not. You can split
42 some of the smaller projects and reduce some, but --
43 DELEGATE KILGORE: -- Some of the smaller projects, the

1 problem is that if you take some of the smaller projects and reduce them, then they can't
2 do what they were going to do.

3 SENATOR WAMPLER: Let me put it another way, Mr. Chairman.
4 We can go through and start nicking here and there, or we can say we have this prospect
5 and find balances on other sub-committees and beg for it.

6 DELEGATE JOHNSON: Mr. Chairman, if you look at the burley-
7 producing counties, and I promised Fred I'd never use it again, but Washington County is
8 the biggest burley producer. I would like to in spite of that, I know we want to keep a
9 good amount in the fund, but I feel like we shouldn't cut any of these. Let everyone have
10 what we have decided. Very few are getting all they want. I agree that, and I feel like we
11 should keep more money, but if you start cutting the smaller projects, even though they
12 are small, that means a lot to people that we allocated it to. That's my feelings.

13 MR. BANNER: I make a motion to use the suggestions that we just
14 had and make a recommendation for the Full Commission, nine hundred eighty-seven
15 thousand zero four four, and leaves a balance of one hundred eighty-three thousand zero
16 forty-four. As Senator Wampler says, if we get a prospect we'll have to go back
17 somewhere else and see what we can do.

18 MR. MONTGOMERY: I'll second it.

19 DELEGATE JOHNSON: When is our next allocation coming?

20 DELEGATE KILGORE: The allocation comes in April.

21 MR. PFOHL: April 15th is our MSA payment.

22 DELEGATE KILGORE: Plus we have that grant round before the
23 April payment.

24 DELEGATE JOHNSON: Is there any that we can delay until next
25 year?

26 DELEGATE KILGORE: I don't think so. I have a motion, and
27 there is a second. We'll leave things as they are. All in favor, say aye? (Ayes.) Those
28 opposed, no? (No response.)

29 MR. THOMPSON: Mr. Chairman, I'd like the record to show that I
30 abstained from voting on the Lonesome Pine Arts and Crafts.

31 DELEGATE KILGORE: The record will so reflect that.

32 MR. MONTGOMERY: I probably should abstain from UVA Wise,
33 since I am on the Board.

34 DELEGATE KILGORE: Thank you all. Public comments?

35 MR. FLANNERY: I'm Ron Flannery, and I have a request that I
36 discussed with Mr. Poe to bring before the Commission. Previously you awarded two
37 hundred fifty thousand to the Town of Big Stone Gap for the dam project. In speaking to
38 the Town Manager, the allocation in the budget is for construction. The town is in a
39 position now to move forward and draw all this money down to apply it to property
40 acquisition, which is part of the total budget. It's a technical issue but something that
41 would advance the project. I promised the town I would get some clarification.

42 DELEGATE KILGORE: There's a lot of money, it involves maybe
43 about eight million.

1 MR. Flannery: That way the town could move forward on it.
2 DELEGATE KILGORE: Can I have a motion to allow the town to
3 move forward?

4 I have a motion, and Mr. Banner has seconded it, all in favor of allowing the
5 town to use the funds, say aye? (Ayes.) Opposed? (No response.)

6 Are there any other public comments?

7 MR. FLACCAVENTO: I know most of you are busy, but the
8 Appalachian Regional Commission is starting their conference right here in a couple of
9 hours, and I know you all are busy, but I'd issue you an invitation. They are doing tours
10 of our dry storage and wood processing at our facility. If any of you have a chance, come
11 on. The first tour leaves at one o'clock and the second one at two-thirty. You'll get to see
12 some of what your money is supporting.

13 DELEGATE KILGORE: Anyone else have any comments?

14 MR. JONES: On November 21st, at two o'clock, the Christmas Tree
15 that is going to be set in front of the Capitol will be in Damascus for two and a half hours
16 on the way to Washington.

17 DELEGATE KILGORE: Do we have an invitation?

18 MR. JONES: Yes.

19 MR. PFOHL: For the applicants that are here today, these
20 recommendations will be presented to the Full Commission next week, the 20th, in
21 Clarksville, Virginia.

22 DELEGATE KILGORE: Any other comments? Do I have a motion
23 to adjourn? So moved. We're adjourned.

24

25 PROCEEDINGS CONCLUDED.

26

27 CERTIFICATE OF THE COURT REPORTER

28

29

30 I, Medford W. Howard, Registered Professional Reporter and Notary
31 Public for the State of Virginia at large, do hereby certify that I was the court reporter
32 who took down and transcribed the proceedings of the **Southwest Economic**
33 **Development Meeting when held on Wednesday, October 13, 2004 at 10:00 a.m. at**
34 **the Southwest Virginia Higher Education Center, Abingdon, Virginia.**

35 I further certify this is a true and accurate transcript to the best of my
36 ability to hear and understand the proceedings.

37 Given under my hand this ____ day of October, 2004.

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Medford W. Howard
Registered Professional Reporter

Notary Public for the State of Virginia at Large

My Commission Expires: October 31, 2006.